

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Arizona

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UNDUE HARDSHIP POLICY4.17 (B)

AHCCCS's undue hardship policy follows federal suggested guidelines.

AHCCCS's authorized representative, HHL, notifies all surviving heirs of AHCCCS's claim against the estate, and the process for requesting consideration of a waiver or compromise of AHCCCS's claim based on an undue hardship. Surviving heirs requesting consideration must submit complete and factual evidence to substantiate their claim to HHL within 30 days of receipt of HHL's notification. HHL will determine if a waiver or compromise may be considered based on supporting evidence that meets undue hardship.

Undue hardship criteria has been established for those instances when: 1) the estate contains real or real and personal property; or, 2) the estate contains only personal property.

The two criteria for undue hardship is:

- 1) *Real property or real and personal property:* undue hardship is deemed to exist if the property is residential property and the survivor/heir owns a business located at the property, the income from the business provides more than 50% of the surviving heir's livelihood, and recovery of the property would result in loss of livelihood. Undue hardship will also exist if the surviving heir currently resides in the residence, has consistently made the residence his/her place of residence for the immediate 12 months preceding the death and owns no other residence; or,
- 2) *Personal property only:* undue hardship will be deemed to exist if the survivor/heir's gross income for his/her household size is less than the federal poverty level (new income sources included) and no other real property is owned.

When supporting evidence meets either of the criteria above, HHL will determine to what extent the claim will be compromised or waived. Factors in making this determination include financial/medical hardship to the surviving heir if compromise or a waiver is not granted, income and resources of the surviving heir and whether income is within the federal poverty level, value and type of assets in the estate, amount of AHCCCS's claim, and whether other creditors have filed claims against the estate or foreclosed on the property.

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TN No.94-18

Supersedes

TN No. None

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Approval Date OCT 27 1994Effective Date July 1, 1994

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HHL makes a recommendation to AHCCCS, AHCCCS in turn reviews HHL's recommendation and supporting evidence, and notifies HHL of its determination. The surviving heir(s) are notified of AHCCCS's decision and their appeal rights.

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